

Minutes of the Finance Committee

Wednesday, April 2, 2014

Chair Haukohl called the meeting to order at 8:30 a.m.

Present: Supervisors Pat Haukohl, Dan Draeger, Bill Zaborowski, Larry Nelson, and Pamela Meyer. **Absent:** Richard Morris.

Also Present: Chief of Staff Mark Mader, Senior Civil Engineer Ed Hinrichs, Engineering Services Manager Gary Evans, Senior Landscape Architect Steve Brunner, Administration Director Norm Cummings, Baird Managing Director Bradley Viegut, Health & Human Services Director Antwayne Robertson, Adolescent & Family Services Manager Peter Slesar, County Board Supervisor Duane Paulson, Dan Magnuson and Marc DeVillers of Lad Lake, Inc., Juvenile Center Coordinator Mike Sturdevant, Senior Attorney Molly Jasmer, Budget Specialist Bill Duckwitz, Parks System Manager Dave Burch, County Board Chair Paul Decker, Collections & Business Services Manager Andy Thelke, Senior Financial Analysts Linda Hein and Steve Trimborn, Airport Manager Kurt Stanich, Parks System Manager Duane Grimm, Federated Library Director Connie Meyer, Librarian Angela Meyers, Principal Assistant Corporation Counsel Eric Weidig, Treasurer Pam Reeves, Administrative Services Manager Randy Setzer, Senior Human Resources Analyst Renee Gage, Parks & Land Use Director Dale Shaver, Land Resources Manager Perry Lindquist, Accounting Services Manager Larry Dahl, and Solid Waste Supervisor Rebecca Mattano.

Recorded by Mary Pedersen, County Board Office

Contract Procurement Process for CTH D, Calhoun Road Construction Management Services

Hinrichs advised the contract was awarded to R.A. Smith National, the highest rated proposer, for a total contract cost of \$108,880. The budgeted amount for this project is \$160,000. Five vendors submitted Requests for Proposals (RFPs) for consideration.

MOTION: Zaborowski moved, second by Draeger to approve the contract procurement process for CTH D, Calhoun Road construction management services. Motion carried 5-0.

Contract Procurement Process for Construction Administration Services – Bugline Trail Improvement Project, Phase 2

Brunner advised the contract was awarded to CORRE, Inc., the highest rated proposer, for a total contract cost of \$91,119.16. The budgeted amount for this project was \$140,000. Four vendors submitted RFPs for consideration.

MOTION: Draeger moved, second by Zaborowski to approve the contract procurement process for construction administration services – Bugline Trail Improvement Project, Phase 2. Motion carried 5-0.

Ordinance 168-O-121: Authorize The Issuance Of Not To Exceed \$10,000,000 General Obligation Promissory Notes For Capital Projects

Cummings and Viegut discussed this ordinance which authorizes the issuance of an amount not to exceed \$10,000,000 for the public purpose of paying the cost of capital projects included in the County's 2014 Capital Projects Plan. Viegut advised both rating agencies, Fitch and Moody's, have

rated the County Triple A and we expect those ratings will be reaffirmed at the May 31 meeting. The True Interest Cost (TIC) is estimated to be 2.05%. Viegut went on to review the repayment plan as outlined in his handout.

MOTION: Nelson moved, second by Meyer to approve Ordinance 168-O-121. Motion carried 5-0.

Ordinance 168-R-010: Support The Implementation Of A Contracted Solution For The Provision Of Non-Secure Residential Care Services For Juveniles In The 2015 Proposed Budget

Cummings indicated contracting out non-secure shelter care services was studied for two years. County staff conducted a request-for-proposal (RFP) process seeking a contracted solution for this service that resulted in a successful bid from Lad Lake. Other counties also have privatized these services. It is estimated that next year's budget will be even more challenging than the last two years because of the economy and decreased revenues. Cummings said over three years, privatizing secure girls has saved the County \$675,000 and those savings will remain in the Human Services budget to be used for direct services. Cummings noted it is his understanding that our judges believe this is working fine.

Robertson said staff continue to explore opportunities to address the department's fiscal challenges without compromising services. The County has a history with Lad Lake, located in Dousman, for residential placement and outpatient/intensive services. As directed in the RFP, the quality of services must be maintained and Lad Lake staff must ensure that our kids are not interacting with other residents. On average, males are in non-secure shelter care for 5.28 days and females for 5.06 so these kids are not there long-term.

Cummings noted the contract includes transporting these children to and from their own schools and the Juvenile Court and mileage for social workers. As part of this contract, Lad Lake will be building a new facility separate from other Lad Lake programs. Implementing Lad Lake's proposal in 2015 is projected to reduce costs from about \$960,000 to \$830,000, saving \$130,000 to help maintain existing services while keeping the County's property tax levy low. Estimated annual savings are over \$100,000.

Haukohl asked if they were experienced in non-secure shelter care whereby Magnuson said yes. Cummings noted, however, not at the Dousman facility. Haukohl expressed concerns about this vulnerable population and that they get the appropriate care at a facility that generally serves more serious offenders. Robertson said Lad Lake is committed to a seamless transition; that the children are supported and nurtured in an appropriate setting and their education is not disrupted. Robertson noted that our staff is extremely committed and the staff at the County's Juvenile Center should be commended. The expectations of Lad Lake are no less and may be more. Lad Lake understands they also need to abide by statutory requirements.

Zaborowski spoke in support of the resolution, primarily because the children are there for a short period of time. Nelson, who at one time taught at the Juvenile Center along with several other teachers, spoke in support of keeping the service with the County and referred to current services as "excellent." To answer Nelson's question, Slesar said they serve approximately 200 children per year in non-secure shelter care. Nelson noted the current Juvenile Center has 18 beds and asked how many beds will be at the Lad Lake facility. DeVillers said there will be 16 beds, 8 for girls and 8 for boys. Cummings added we currently have a lot of empty beds at the Juvenile Center and in

the last couple years we have not gone over capacity. Slesar noted that it has happened, however. Cummings said if they get filled an alternative would be found. Magnuson noted that boys and girls will be separate at all times. Robertson said treatment and other services for the children and their families will remain the same. Nelson referred to the 40-minute round trip drive for social workers and was concerned about parents who use public transportation. Cummings said juvenile court will remain at the Juvenile Center and both social workers and family would likely be in attendance. Robertson said the services and the facility will be evaluated and it will be annually audited by the State. Paulson spoke in support of the resolution and said Lad Lake has been in business since 1902. For ethical reasons, he did not feel this should be delayed. If he was not convinced this would be a good service he would not have voted for it.

MOTION: Zaborowski moved, second by Draeger to approve Ordinance 168-R-010. Motion carried 4-1. Nelson voted no.

Contract Procurement Process for Shelter Care Services

Cummings advised the contract was awarded to Lad Lake, Inc., the highest rated proposer, for a total five-year contract cost of \$4,406,400. The first year budgeted amount is \$960,000 and the first year cost is \$830,000. Three vendors submitted RFPs for consideration.

MOTION: Meyer moved, second by Draeger to approve the contract procurement process for shelter care services. Motion carried 5-0.

Year-End Report on Proprietary Funds

Thelke and Hein were present to review the year-end report on the County's enterprise and internal service funds. Those funds that showed a net income at year-end were the Naga-Waukee Golf Course (\$66,533); Eble Park Ice Arena (\$38,554); Materials Recycling (\$809,963); Vehicle/Equipment Replacement (\$233,046); Central Fleet (\$26,222); Radio Services (\$211,947); Records Management (\$24,890); and Health Insurance (\$816,348). Those funds that showed a net loss were the Wanaki Golf Course (-\$313,479); Moor Downs Golf Course (-\$170,168); Naga-Waukee Ice Arena (-\$76,421); Airport (-\$161,600); Communications (-\$14,677); Risk Management/Workers Compensation (-\$733,001); Collections (-\$224,123); and End User Technology (-\$138,529).

MOTION: Zaborowski moved, second by Draeger to accept the year-end report on Proprietary Funds. Motion carried 5-0.

Approve Minutes of 2-20-14 & 3-19-14

MOTION: Draeger moved, second by Zaborowski to approve the joint meeting minutes of February 20. Motion carried 5-0.

MOTION: Nelson moved, second by Meyer to approve the minutes of March 19. Motion carried 5-0.

Schedule Next Meeting Date

- May 7

Chair's Executive Committee Report of 3-31-14

Haukohl highlighted the following items discussed at the last Executive Committee meeting.

- Approved several ordinances included in the last set of referrals, some of which are on this agenda; two appointments; and the annual internal audit plan.
- Heard standing committee reports and a report by Supervisor Gilbert Yerke on the last Museum Board meeting.

Ordinance 168-O-114: Klimeck Property Acquisition

Grimm discussed this ordinance which authorizes the department to purchase 10.6 acres of land (two lots) in the City of Pewaukee. The negotiated selling price is \$312,000 plus related acquisition costs of \$6,000. There is sufficient expenditure authority remaining in the 2014 Walter J. Tarmann Fund budget to cover these costs. The County received a letter of retroactivity from the State DNR indicating the department may be eligible to receive a Stewardship Grant reimbursement in the future for approximately half of the land purchase price to partially offset the cost. This property is included in the County's Parks & Open Space Plan for Ryan Park. The lots are currently zoned Upland Conservancy which does allow for park use.

MOTION: Meyer moved, second by Draeger to approve Ordinance 168-O-114. Motion carried 5-0.

Ordinance 168-O-115: Approve Plane Safe Aircraft Maintenance, Inc. Operating Agreement

Stanich discussed this ordinance which involves approving a contract between the Airport and Plane Safe Aircraft Maintenance, Inc. to allow Plane Safe to perform aircraft airframe, engine and accessory maintenance and repair work for airport users. However, airport users would not be obligated to use Plane Safe for maintenance or repair needs. The term of the contract is through December 11, 2018 with two subsequent five-year extensions allowable. The agreement requires Plane Safe to pay the County an annual fee of \$250 for the privilege of providing these services at the Airport. Beginning in 2015, the annual fee will be adjusted for inflation (increases no less than 2.5% and no higher than 7.5%).

To answer Haukohl's question, Stanich indicated the provider is already paying a square foot fee and the \$250 is additional.

MOTION: Nelson moved, second by Zaborowski to approve Ordinance 168-O-115. Motion carried 5-0.

Ordinance 168-O-116: Modify Waukesha County Federated Library System 2014 Budget To Accept And Appropriate Grant Funding To Purchase Portable Hearing Loop Systems For The Member Libraries

Meyer and Meyers were present to discuss this ordinance which authorizes the Federated Library System to accept and appropriate \$4,670 in federal grant funds. The funds will be used to purchase portable hearing loops in select member libraries that opted in to participate in the project. Hearing loops consist of cable surrounding a designated area such as a room or building, generating a magnetic field picked up by a hearing aid. No County indirect costs are allowable for this grant and participating member libraries will be responsible for ongoing maintenance and support costs of the hearing loop purchased with these funds. Meyers, who wrote the grant application, explained how portable hearing loop systems work and operate and that it is fairly new in this part of the state.

MOTION: Nelson moved, second by Zaborowski to approve Ordinance 168-O-116. Motion carried 5-0.

Annual Report of the Treasurer's Office

Reeves reviewed the 2013 annual report of the Treasurer's Office which included information on receipts and disbursements, cash balances, 2012 roll collected in 2013 per municipality, tax deed properties sold in 2013, agricultural land use conversions, real estate and personal property parcels, County tax levy, and first installment property taxes collected per municipality.

MOTION: Draeger moved, second by Zaborowski to approve the annual report of the Treasurer's Office. Motion carried 5-0.

Ordinance 168-O-120: Modify The 2014 Health And Human Services Budget To Create Medical Coder Positions To Implement New State And Federal Healthcare Regulations

Setzer discussed this ordinance as outlined. New federal and State health care regulations require the implementation of ICD-10 coding changes effective October 1, 2014 and the need for an ongoing corporate compliance function to avoid penalties and prevent fraud abuse and waste. The department is proposing to address this need utilizing a current Programs & Projects Analyst and creating two additional FTE Programs & Project Analyst positions at a total cost of \$124,300 for one year. The funding of these positions effective May 1 is \$97,700 for 2014. Setzer said the Senate on Monday approved delaying this until October of 2015. Setzer said they looked at contracting this service but outside sources are not available.

Haukohl expressed concerns that this is yet another unfunded mandate.

MOTION: Zaborowski moved, second by Nelson to approve Ordinance 168-O-120. Motion carried 5-0.

Ordinance 168-O-117: Approval Of Intergovernmental Cooperation Agreement Between Waukesha County And The City Of Milwaukee Regarding The Construction And Private Operation Of A Joint Recycling Facility

Shaver discussed this ordinance which authorizes the County and City of Milwaukee to enter into an intergovernmental agreement for the construction and private operation of a joint Materials Recycling Facility (MRF). Shaver presented a PowerPoint presentation which included information on the RFP process, dividends per municipality, tonnage/revenues, agreement terms and length, MRF ownership and decision making, cost and revenue distribution, equipment replacement plan and reserve fund, financial controls, annual composition analysis, etc.

Shaver advised the terms of the proposed agreement are to last 15 years, with an automatic 10-year extension unless otherwise amended or terminated. Under the terms of the agreement the County would agree to make a one-time start-up investment estimated at \$7,710,000 million to cover costs associated with the conversion of the current Waukesha County MRF into a transfer station and new MRF equipment. The City of Milwaukee will contribute \$12,413,000 toward new MRF equipment and MRF building improvements. The City of Milwaukee would own the Milwaukee MRF building and be responsible for maintaining the building. Waukesha County's investment is budgeted in Capital Project 201409 which will be proposed to be modified and approved in a separate board action.

The County's cost to ship recycle material from the transfer station to the Milwaukee MRF is estimated to be \$380,300 in the first full year. At estimated tonnage levels, this would come to

approximately \$4.7 million over 17 years on a net present value basis and therefore, would nearly equal Waukesha County's cost to the City's initial investment.

Based on the most recently negotiated contract rates the investment in this agreement is estimated to earn an average annual return on investment of about 8.9% over the first 15-year term of the agreement. This excludes any savings participating Waukesha County communities may realize from the change to single stream collection. The operating impact of this agreement will be included in the 2015 and later operating budgets. This would include a projected annual \$1 million dividend payment to participating municipalities as tax relief.

Shaver indicated that since the release of the ordinance, the 15-year contract verbiage was removed and now the County Board/Common Council may terminate the contract without cause at any time with a 1-year notice to the other party. He discussed this in detail as outlined in the PowerPoint. Shaver reviewed the contract with ReCommunity.

MOTION: Meyer moved, second by Draeger to approve Ordinance 168-O-117. Motion carried 5-0.

Ordinance 168-O-118: Amendment Of Collaborative Materials Recycling Facility Capital Project 201409

Shaver discussed this ordinance which increases expenditure authority for the MRF capital project by \$2.3 million – from \$5,410,000 to \$7,710,000. The cost increase is mainly due to the need for more advanced equipment. Processing more tonnage allows the contractor (Resource Recovery Systems LLC) to reduce the per-ton processing fee charged to the County. This added investment will also accommodate more volume in the future and in turn, a greater return on investment. The remainder of the increase is for pavement improvements at the transfer station of about \$400,000, structural and technological improvements of about \$200,000 and additional contingency of about \$100,000. To accommodate planned use of MRF fund balance for this project, \$4 million that was borrowed from the MRF fund in 2006 and 2007 to reduce capital borrowing will be repaid from the General Fund.

Shaver indicated this is state-of-the-art equipment with a 98.5% efficiency rate. He said if we do not have the correct equipment to process the tonnage, the financial model simply will not work. At Meyer's request, Shaver and Lindquist clarified the budget figures. This is a Capital Plan amendment and requires a two-thirds vote by the County Board.

MOTION: Draeger moved, second by Nelson to approve Ordinance 168-O-118. Motion carried 5-0.

MOTION: Draeger moved, second by Zaborowski to adjourn at 12:31 p.m. Motion carried 5-0.

Respectfully submitted,

William J. Zaborowski
Secretary